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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

XILINX, INC.,

Case No. 3:11-cv-04407-SI

Plaintiff,

V.

INTELLECTUAL VENTURES, LLC,  
INTELLECTUAL VENTURES  
MANAGEMENT, LLC,  
DETELLE RELAY KG, LLC,  
ROLDAN BLOCK NY, LLC,  
LATROSSE TECHNOLOGIES, LLC,  
TR TECHNOLOGIES FOUNDATION LLC,  
TAICHI HOLDINGS, LLC,  
NOREGIN ASSETS N.V., LLC,  
INTELLECTUAL VENTURE FUNDING  
LLC,

## Defendants.

**XILINX INC.'S OPPOSITION TO  
DEFENDANTS' MOTION TO  
DISMISS FIRST AMENDED  
COMPLAINT**

**DATE:** January 20, 2012  
**TIME:** 9:00 a.m.  
**JUDGE:** Honorable Susan Illston  
**PLACE:** Courtroom 10, 19th Floor

PUBLIC VERSION

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1       **I. INTRODUCTION AND SUMMARY OF ARGUMENT**

2                  The facts underlying this case do not change with each retelling. IV<sup>1</sup> accused Xilinx of  
 3 infringing sixteen “Key Patents” in twelve “Highly Relevant” portfolios during negotiations and  
 4 made it clear to Xilinx that IV’s plans for the FPGA industry are to sue companies that do not  
 5 knuckle under to IV’s demands. But the moment Xilinx stood up to IV’s tactics and invoked the  
 6 jurisdiction of this Court, IV immediately sheathed its drawn sword and attempted to conjure a  
 7 white dove instead. The undisputed facts and IV’s own documents, however, tell the real story of  
 8 what happened and how IV was attempting to strong arm Xilinx into licensing hundreds of patents  
 9 that even IV did not contend Xilinx infringed [REDACTED]

10 [REDACTED] (See Liu Decl. in Supp. of Opp’n to MTD SAC (hereafter “Liu Decl.”) ¶ 16 (ECF  
 11 No. 115) (filed under seal).)

12                  Another tactic used by IV to shield itself from this Court’s jurisdiction is to play a shell  
 13 game with the ownership of and the right to assert these patents. When demanding money from  
 14 Xilinx, IV’s representatives Messrs. Chernesky and Wilson had no hesitation asserting the patents  
 15 as IV Management’s patents but as soon as this Court was involved in the dispute, IV Management  
 16 filed a sworn declaration that [REDACTED]

17 [REDACTED]  
 18 (Chernesky Decl. in Supp. of Defs.’ Reply to Mot. to Dismiss, filed in *Xilinx, Inc. v. Invention*  
 19 *Investment Fund I, L.P., et al.*, Case No. 3:11-cv-00671 SI, ¶ 5 (ECF No. 81-1) (filed under  
 20 seal).)<sup>2</sup> The same unscrupulous conduct also gave rise to Xilinx’s Section 17200 claim, which IV  
 21 now attempts to deflect by applying the wrong legal standard and misleading this Court. Under

22                  <sup>1</sup> To avoid confusion and for convenience, “IV” collectively refers to all Defendants in  
 23 this action, namely Intellectual Ventures, LLC, Intellectual Ventures Management, LLC, Detelle  
 24 Relay KG, LLC, Roldan Block NY, LLC, Latrosse Technologies, LLC, TR Technologies  
 25 Foundation LLC, Taichi Holdings, LLC, Noregin Assets N.V., LLC, Intellectual Venture  
 Funding LLC. Where necessary to make a distinction, Defendants Intellectual Ventures LLC  
 and/or Intellectual Ventures Management, LLC will be referred to collectively as “IV  
 Management.”

26                  <sup>2</sup> Except for references to Plaintiff’s Motion to Dismiss the First Amended Complaint  
 27 (“Motion” or “Mot.”) (ECF No. 64) (filed under seal) or the First Amended Complaint (“FAC”)  
 28 (ECF No. 29) both filed in this action, all other citations to docket entries, pleadings, motions,  
 declarations, and other court filings, will be to documents filed in the related action, *Xilinx, Inc.*  
*v. Invention Investment Fund I, L.P., et al.*, Case No. 3:11-cv-00671 SI.

1 the correct legal standard, Xilinx has adequately plead “unfair” business practices under  
 2 California’s unfair competition law. Both motions to dismiss should be denied.<sup>3</sup>

3 **II. RELEVANT FACTS**

4 Xilinx has previously introduced the parties and described the long history between them,  
 5 including the assertion of patents and excessive licensing demands by IV that have resulted in the  
 6 filing of the present action, and so will not repeat these facts here.<sup>4</sup> (See Pls.’ Mot. to Enjoin at 2-4  
 7 (ECF No. 56); Xilinx’s Opp’n to Defs.’ Mot. to Dismiss (“MTD”) Compl. at 2-6 (ECF No. 71);  
 8 Xilinx Opp’n MTD Second Am. Compl. (“SAC”) at 3-7 (ECF No. 114) (all three filed under  
 9 seal).) However, the following specific facts are relevant to this Motion and necessary to correct  
 10 Defendants’ misleading version of the events leading to the filing of this action.

11 [REDACTED]

12 [REDACTED]

13 [REDACTED] (See Defs.’ Reply to MTD SAC at 4-6,  
 14 (ECF No. 118).) IV never defines its so-called “licensing” program and its overall description to  
 15 this Court is self-serving and at odds with the evidence. When it suits its purposes, such as when it  
 16 has to establish that it satisfies the “domestic industry” requirement before the International Trade  
 17 Commission, IV’s description of its “licensing” activities sound more like its dealings with  
 18 Xilinx: “[t]he Funds’ ***licensing efforts*** include ***pre-assertion due diligence***, market and industry  
 19 research, reverse engineering of potentially infringing products, preparation of claim charts, face-  
 20 to-face licensing negotiations, and ***preparations for litigation.***” *Certain Dynamic Random Access  
 21 Memory and NAND Flash Memory Devices and Products Containing Same*, ITC Inv. No. 337-  
 22 TA- \_\_, Compl. ¶ 13, Docket No. 2829 (emphasis added) (“ITC Compl.”).

23 [REDACTED]

24 [REDACTED] (Reply to MTD

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25 <sup>3</sup> In this motion, IV fails to make any specific arguments with regard to U.S. Patent Nos.  
 26 5,751,736; 5,887,165; 6,747,350; 6,768,497 and with regard to these patents, it has conceded the  
 adequacy of Xilinx’s FAC.

27 <sup>4</sup> Xilinx has previously briefed the facts of this case in the related action *Xilinx v.*  
 28 *Invention Investment Fund I, L.P., et al.*, Case No. 3:11-cv-00671 SI. Xilinx expressly  
 incorporates by reference the facts and declarations previously submitted by Xilinx in that case.

1 SAC at 6 (ECF No. 118) (filed under seal).) IV fails to inform this Court that on the same day, IV  
 2 unleashed two additional lawsuits in Delaware: *Intellectual Ventures I LLC v. Hynix*  
 3 *Semiconductor Inc.*, D. Del. Case No. 1:10-cv-1066 and *Intellectual Ventures I LLC v. Check*  
 4 *Point Software Technologies Ltd.*, D. Del. Case No. 1:10-cv-1067.

5 **III. ARGUMENT**

6       **A. Under the Totality of the Circumstances, There Exists an Actual Controversy**  
 7       **Between Xilinx and IV as to All of the Patents in Suit**

8           **1. Standard for Declaratory Relief**

9       Subject matter jurisdiction under the Declaratory Relief Act, 28 U.S.C. § 2201(a), requires  
 10 a showing of an actual case or controversy between the declaratory relief plaintiff and defendant.  
 11 *Teva Pharm. USA, Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1336 (Fed. Cir. 2007). The  
 12 Court may consider any admissible evidence to determine the existence of jurisdiction. See  
 13 *McCarthy v. United States*, 850 F.2d 558, 560 (9th Cir. 1988).

14       The Supreme Court has articulated the test as follows: “the question in each case is whether  
 15 the facts alleged, under all the circumstances, show that there is a substantial controversy, between  
 16 parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance  
 17 of a declaratory judgment.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007)  
 18 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)). Likewise, the Federal  
 19 Circuit explained that declaratory judgment jurisdiction in patent cases requires an analysis of the  
 20 totality of the circumstances and has explained that a “patentee can cause such an injury [sufficient  
 21 to create a justiciable case or controversy] in a variety of ways, for example, by creating a  
 22 reasonable apprehension of an infringement suit, . . . demanding the right to royalty payments, . . .  
 23 creating a barrier to the regulatory approval of a product that is necessary for marketing,” or by  
 24 prior litigious conduct. *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1339, 1341 (Fed.  
 25 Cir. 2008). Applying *MedImmune*, the Federal Circuit has held that “where a patentee asserts  
 26 rights under a patent based on certain identified ongoing or planned activity of another party, and  
 27 where that party contends that it has the right to engage in the accused activity without license, an  
 28 Article III case or controversy will arise . . .” *SanDisk Corp. v. STMicroelectronics, Inc.*, 480

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1 F.3d 1372, 1381 (Fed. Cir. 2007).

2 An actual controversy may exist even in the absence of a direct or explicit threat because,  
 3 “a declaratory judgment plaintiff does not need to establish a reasonable apprehension of a lawsuit  
 4 in order to establish that there is an actual controversy between the parties.” *Sony Elecs., Inc. v.*  
 5 *Guardian Media Techs., Ltd.*, 497 F.3d 1271, 1284 (Fed. Cir. 2007). The Federal Circuit has held  
 6 that a justiciable controversy exists where there is a “real and *immediate* injury or threat of future  
 7 injury that is *caused by the defendants . . .*” *Prasco*, 537 F.3d at 1339. Jurisdiction exists where  
 8 the plaintiff can show “‘some affirmative act by the patentee’ that forms the basis for an actual  
 9 controversy between the parties.” *Trend Micro Corp. v. Whitecell Software, Inc.*, No. C-10-02248  
 10 WHA, 2011 WL 499951, at \*3 (N.D. Cal. Feb. 8, 2011) (citing *Prasco*, at 1338-39).

11 In *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358 (Fed. Cir. 2009), the Federal  
 12 Circuit went further, stating:

13 Acceleron repeatedly emphasizes that “at the time HP filed its complaint,  
 14 Acceleron could not have asserted its rights in the ’021 patent against HP because  
 it had not even determined if it had a basis to assert the patent against HP.”  
 However, it is irrelevant whether Acceleron had conducted an adequate  
 investigation or whether it subjectively believed HP was infringing. **“The test [for  
 declaratory judgment jurisdiction in patent cases], however stated, is objective.  
 Indeed, it is the objective words and actions of the patentee that are controlling.”**  
 Thus, *conduct that can be reasonably inferred as demonstrating intent to enforce  
 a patent can create declaratory judgment jurisdiction.*

18 *Id.* at 1363-64 (emphasis added) (citations omitted) (reversing the district court’s dismissal for lack  
 19 of subject matter jurisdiction based on its finding that there was “declaratory judgment jurisdiction  
 20 arising from a ‘definite and concrete’ dispute between . . . parties having adverse legal interests”).  
 21 The Federal Circuit has even held that a patentee’s litigation history can demonstrate an intent to  
 22 enforce a patent, creating declaratory judgment jurisdiction. *See Arrowhead Indus. Water, Inc. v.*  
 23 *Ecolochem, Inc.*, 846 F.2d 731, 737-38 (Fed. Cir. 1988).

24 **2. Under the totality of circumstances, the Court has jurisdiction over the  
 25 ’061 patent**

26 Contrary to IV’s assertion, there is no rule requiring a patentee to name specific accused  
 27 products or provide claim charts in order to trigger declaratory judgment jurisdiction. Indeed, the  
 28 opposite is true. In *Hewlett-Packard* for example, the Federal Circuit found that declaratory

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1 judgment jurisdiction existed where a non-competitor patent holding company sent two letters to  
 2 Hewlett-Packard (“HP”) in which the holding company identified certain patents that it owned,  
 3 referenced a category of products (blade servers) sold by plaintiff, and imposed deadlines by  
 4 which HP needed to respond. *Hewlett-Packard*, 587 F.3d at 1362-63. In that case, the court found  
 5 jurisdiction when no claim charts were exchanged, and no specific products were identified. Here,  
 6 IV’s actions were far more definitive in creating a case or controversy. Indeed, as alleged in the  
 7 complaint (FAC ¶ 132), IV affirmatively accused Xilinx of infringing the ’061 patent, which IV  
 8 has not disputed.

9         Unable to dispute those allegations, and in the face of such contrary controlling law, IV  
 10 attempts to argue that because it never actually accused any “specific” Xilinx product of infringing  
 11 the ’061 patent it has taken no affirmative steps to enforce its patents.<sup>5</sup> (See, e.g., Mot. at 3, 12-  
 12 13.) IV attempts to minimize its actions, claiming that it merely “notified” Xilinx that it had  
 13 acquired patents and had “at Xilinx’s request, provided Xilinx with a list of patents that it believed  
 14 might be of investment interest to Xilinx.” (Mot. at 12.)

15         IV’s arguments are squarely contradicted by a number of undisputed facts in the record. █

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28         <sup>5</sup> IV offers only attorney argument here, and provides no evidence to support its argument  
 that IV did not accuse any specific Xilinx product of infringing the ’061 patent. (Mot. at 12-13.)

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED] See *Hewlett-Packard*, 587 F.3d at  
9 1363 (finding DJ jurisdiction over patents identified as “relevant” to plaintiff’s products by a “non-  
10 competitor patent holding company”). [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

23 These facts are sufficient to establish a real, immediate, and substantial controversy  
24 regarding all the patents in suit. See *SanDisk*, 480 F.3d at 1381. See also *Microsoft Corp. v.*  
25 *Phoenix Solutions, Inc.*, 741 F. Supp. 2d 1156, 1162 (C.D. Cal. 2010) (finding declaratory  
26 judgment jurisdiction where defendant sent several threatening letters to Plaintiff’s customer  
27 identifying fifteen patents relevant to the accused system, but providing only nine claim charts;  
28 and holding that “evidence of conduct that shows an intent to enforce all fifteen patents . . . creates

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1 declaratory judgment jurisdiction over all fifteen patents"); *Hewlett-Packard*, 587 F.3d at 1363  
 2 (finding DJ jurisdiction over patents identified by patent holding company as "relevant" to  
 3 plaintiff's products).

4 Xilinx was not merely "notified of the existence" of the '061 patent, as Defendants claim.  
 5 (Mot. at 12.) Rather IV representatives repeatedly asserted, both expressly and impliedly, that  
 6 Xilinx infringed all sixteen of the Key Patents, including the '061 patent, and demanded that  
 7 Xilinx take a license to all of those patents. IV also clearly signaled that Xilinx was the next target  
 8 in IV's "plans regarding the FPGA industry" by notifying Xilinx that IV had sued three of Xilinx's  
 9 major competitors in Delaware. While the Delaware lawsuit involved only four of the sixteen Key  
 10 Patents, IV's actions were "evidence of conduct that shows an intent to enforce all [sixteen]  
 11 patents." *See Microsoft*, 741 F. Supp. 2d at 1162. Because IV has asserted "rights under a patent  
 12 based on certain identified ongoing or planned activity of another party," the standard for  
 13 declaratory judgment jurisdiction has been met and IV's Motion should be denied. *See SanDisk*,  
 14 480 F.3d at 1381.

15                   **3. There is an actual controversy between Xilinx and IV with respect to  
 16 the '251 and '331 patents**

17 IV also argues that no jurisdiction exists over Xilinx's declaratory judgment claims  
 18 regarding the '251 and '331 patents because the claim charts IV gave Xilinx for the '251 and '331  
 19 patents accuse only circuits containing an ARM dual-core Cortex A9 MPCore Processor, and  
 20 because the products for which Xilinx seeks a declaration of non-infringement—the 28 nm  
 21 programmable logic products and 7-Series FPGA products—do not contain an ARM core  
 22 processor.<sup>6</sup> IV is simply wrong. At least one of Xilinx's 28 nm programmable logic products,  
 23 including a variation of the 7-Series FPGA products does indeed contain an ARM core processor  
 24 as alleged in Paragraphs 45 and 90 of the First Amended Complaint. As the complete grounds

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25                   <sup>6</sup> In a footnote, IV criticizes Xilinx for failing to provide IV with "an identification of any  
 26 past or current Xilinx product that allegedly incorporates ARM Cortex A9 technology." (Mot. at  
 27 10 n.4.) However, IV, the patent holder and accuser could have, with a simple search of Xilinx's  
 28 homepage for the word "ARM" or "ARM" in conjunction with "7 Series" discovered numerous  
 links to 28 nm programmable logic and variations of the 7-Series FPGA products that do  
 incorporate the ARM Cortex A9 technology. (Henry L. Welch Decl. Ex. A ("ARM 7 Series"  
 Search Results) (ECF No. 112-1).)

1 upon which IV's motion is based with respect to the '251 and '331 patents is factually incorrect,  
 2 IV's motion necessarily fails and should be denied.

3       IV also falsely argues that it "did not accuse any current (or even future) Xilinx product of  
 4 infringing the '251 and '331 patents, because based on [IV's] understanding at the time, none  
 5 existed." (Mot. at 10.) This argument is directly contradicted by IV's own claim charts for the  
 6 '251 and '331 patents that even cite a Xilinx technical document that describes how the ARM core  
 7 processor is used with the Xilinx 28 nm programmable logic technology, and that contains an  
 8 internet link to the main Webpage for Xilinx's 28 nm programmable logic and 7-Series FPGA  
 9 products. (*See* Liu Decl. in Supp. of Opp'n to Mot. to Dismiss Ex. 11 ('251 and '331 Patent Claim  
 10 Charts) (ECF No 72-11) (citing Xilinx technical document WP369 v. 1.0) (filed under seal); (Liu  
 11 Decl. Ex. 17 (WP369, v. 1.0) (ECF No. 111-2).)

12 [REDACTED]

13 [REDACTED]

14       In order to accept IV's position one must believe the assertion that IV spent the time and  
 15 resources to create an "Evidence of Use" chart comparing the '251 and '331 patents against the  
 16 ARM core processor (using Xilinx's technical manuals) and presented this material to Xilinx along  
 17 with similar material for other patents and products even though IV believed that Xilinx did not  
 18 offer and was not developing a product incorporating an ARM Cortex A9 processor.<sup>7</sup>  
 19 Nevertheless, even if it were true that IV mistakenly believed that Xilinx did not have any such  
 20 products, under Federal Circuit law, it is "irrelevant whether [IV] had conducted an adequate  
 21 investigation or whether it subjectively believed [Xilinx] was infringing. . . . Indeed, it is the  
 22 objective words and actions of the patentee that are controlling." *See Hewlett-Packard*, 587 F.3d at  
 23 1363 (citation omitted).

24

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26

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27       <sup>7</sup> This is even harder to believe in light of the fact that at in-person meetings IV's  
 28 representatives stated that they had seen a Xilinx press release regarding a product incorporating  
 an ARM core processor. (Liu Decl. ¶ 21 & Ex. 18 (April 27, 2010 News Release) (ECF No. 115  
 & 111-3) (Decl. filed under seal).)

1           **B. Because the Court Has Declaratory Judgment Jurisdiction Over Xilinx's  
2           Declaratory Judgment Claims for Non-Infringement of the '251, '331, and  
3           '061 Patents, it Also Has Declaratory Judgment Jurisdiction Over Xilinx's  
Claims for Invalidity of the '251, '331, and '061 Patents**

4           IV does not challenge the sufficiency of the allegations in the First Amended Complaint  
5           regarding invalidity. Instead, the single argument advanced by IV in support of its motion to  
6           dismiss Xilinx's declaratory judgment claims for invalidity is that because the court lacks  
7           declaratory judgment jurisdiction over Xilinx's infringement claims it also lacks declaratory  
8           judgment jurisdiction over Xilinx's invalidity claims. (Mot. at 13.) As established above, the  
9           Court has declaratory judgment jurisdiction over Xilinx's infringement claims. Therefore, IV's  
10          motion as to Xilinx's invalidity claims should likewise be denied.

11           **C. Xilinx's Declaratory Judgment Claims Are Sufficiently Plead to Survive  
12          Defendants' Motion to Dismiss**

13           As a final catch-all argument, IV once again argues that Xilinx's claims for declaratory relief  
14          of non-infringement should be dismissed because Xilinx "fail[s] to specify with particularity the  
15          products or conduct that allegedly do not infringe each of the '251, '736, '165, '331, '350, '497, and  
16          '061 patents, [and therefore] Xilinx fails to state a plausible claim that is definite and concrete for  
17          declaratory relief of non-infringement . . ." (Mot. at 14.) This argument is specious for the reasons  
18          set forth above and because Xilinx's First Amended Complaint clearly identifies specific products  
19          or product families for each of the patents on which Xilinx seeks a declaration of non-infringement.

20           Specifically, Xilinx's First Amended Complaint seeks "[a]n adjudication that the '251,  
21          '736, '165, '331, '350, '497, and '061 patents (collectively, the "Asserted Patents") are not  
22          infringed by Xilinx's importation, use, offer for sale, and/or sale in the United States of the  
23          Accused Products, including *the Spartan-6 FPGAs, the Virtex-5 ML50x evaluation platforms,*  
24          *the Virtex-5 FPGAs, the Xilinx FPGA Editor, and the 28 nm programmable logic products*  
25          *containing an ARM dual-core Cortex™A9 MPCore Processor such as the 7 Series FPGAs.*"  
26          (FAC at 26-27.) For the '251, '331, and '061 patents at issue in this Motion,<sup>8</sup> Xilinx clearly

27           

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<sup>8</sup> IV's notice of motion and request for relief is limited to those claims relating to the '251,  
28          '331, and '061 patents. (Mot. at 8.) Xilinx's Opposition therefore, addresses only those claims  
for which IV seeks dismissal.

1 identifies a product or product family for which Xilinx seeks a declaration of non-infringement:

- 2 • Upon information and belief, Xilinx has not directly or indirectly infringed  
any valid and enforceable claim of the '251 patent, ... because none of its  
3 integrated circuits, including those Xilinx integrated circuits allegedly  
4 containing an **ARM dual-core Cortex<sup>TM</sup>A9 MPCore Processor, including at least Xilinx's 28 nm programmable logic products such as the 7 Series FPGAs**, practice Claim 1 or any valid claim of the '251  
5 patent. (FAC ¶ 45 (emphasis added).)
- 6 • Upon information and belief, Xilinx has not directly or indirectly infringed  
any valid and enforceable claim of the '331 patent, ... because none of its  
7 integrated circuits allegedly containing an **ARM dual-core Cortex<sup>TM</sup>A9 MPCore Processor, including at least Xilinx's 28 nm programmable logic products such as the 7 Series FPGAs** practice Claim 21 or any valid  
8 claim of the '331 patent. (FAC ¶ 90 (emphasis added).)
- 9 • Upon information and belief, Xilinx has not directly or indirectly infringed  
any valid and enforceable claim of the '061 patent, ... because none of its  
10 integrated circuits, including Xilinx's **Spartan-6 FPGAs**, practice any  
11 valid claim of the '061 patent. (FAC ¶ 135 (emphasis added).)

12 By contrast, in the claims found insufficient by the Court in *Bender v. Motorola* (which did  
13 not involve claims for declaratory judgment), the Plaintiff failed to identify *any* specific products  
14 or product families:

15 Motorola has performed acts and performs acts within this judicial district and  
16 elsewhere that infringe, and induce others to infringe, one or more of the claims of  
17 the '188 Patent . . . by making, using, offering for sale, and/or selling products that  
18 consist of, comprise, and/or contain at least one circuit, silicon or otherwise, which  
19 contains and/or utilizes at least one buffered transconductance amplifier . . . and/or  
20 by practicing related methods embodying inventions claimed therein, which *such products include, without limitation, cell phones, computers, network drivers, high definition television sets, ultrasound machines, MRI machines, lab equipment, arbitrary waveform generators, audio amplifiers, video amplifiers, hard disc drives, ADC/DAC converters, DVD-RW players, DSL modems, CCD cameras, satellite communication technology, and other products where high performance, high speed analog circuits are used, and/or components thereof.*

22 *Bender v. Motorola*, N.D. Cal. Case No. 4:09-cv-01245-SBA, First Amended Complaint at 2-3  
23 (emphasis added). Thus, the court held "Plaintiff's generic descriptions of a litany of electronic  
24 products are far too conclusory to pass muster under Rule 8, *Twombly* or *Iqbal*." *Bender*, 2010  
25 WL 72739 at \*3. By contrast, the allegations of the complaint at issue here point to specific  
26 products and product families, many of which came from IV itself as part of their demand for  
27 license fees for Xilinx's alleged infringement of the very same patents.

1           **D. Xilinx's Section 17200 Claims Are Sufficiently Pled to Survive Defendants' Motion to Dismiss**

2

3           Under Federal Rules of Civil Procedure 12(b)(6), dismissal is proper only in  
 4 "extraordinary" cases. *See United States v. City of Redwood City*, 640 F.2d 963, 966 (9th Cir.  
 5 1981). Plaintiffs need only plead a "cognizable legal theory" or sufficient facts "to support a  
 6 cognizable legal theory." *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). The allegations in  
 7 the complaint must be accepted as true, as well as all reasonable inferences that can be drawn from  
 8 them, and construed in the light most favorable to the nonmoving party. *Erickson v. Pardus*, 551  
 9 U.S. 89, 94 (2007). A complaint should only be dismissed if "it appears beyond doubt that the  
 10 plaintiff can prove no set of facts in support of his claim which would entitle him to relief."  
*Redwood City*, 640 F.2d at 966 (citation omitted).

12           Defendants assert that Xilinx fails to allege a plausible claim under the "fraudulent" and  
 13 "unlawful" prongs of the UCL and therefore Xilinx's UCL claims should be dismissed pursuant to  
 14 Rule 12(b)(6). However, the UCL defines "unfair competition" as "any unlawful, unfair or  
 15 fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising." Cal.  
 16 Bus. & Prof. Code § 17200. The statute is phrased in the disjunctive so that Xilinx need only  
 17 allege that Defendant's acts were unlawful *or* unfair *or* fraudulent in order to successfully state a  
 18 claim. *Cel-Tech Commc'nns, Inc. v. L.A. Cellular Tel. Co.*, 20 Cal. 4th 163, 180 (Ct. App. 1999).  
 19 Xilinx alleges only that Defendants' conduct is actionable under the "unfair" prong. (FAC ¶ 160).  
 20 Defendants' arguments that Xilinx fails to state a claim under the "fraudulent" or "unlawful" prong  
 21 are therefore irrelevant.

22           Relying on *Cel-Tech*, IV next argues that Xilinx fails to allege a plausible claim under the  
 23 "unfair" prong of the UCL because "Xilinx's First Amended Complaint does not include any  
 24 allegations that tether its claim to any constitutional, statutory, or regulatory provision prohibiting"  
 25 the conduct Xilinx accuses. (Mot. at 19.)

26           IV's argument suffers from an erroneous reading of the *Cel-Tech* opinion. As the  
 27 California Supreme Court made clear in *Cel-Tech*, the test for "unfair" business practices it was  
 28 announcing was expressly limited to cases in which the parties are *competitors*. *See Cel-Tech*, 20

1 Cal. 4th at 187 (“This case involves an action by a competitor alleging anticompetitive practices.  
 2 ***Our discussion and this test are limited to that context. Nothing we say relates to actions by***  
 3 ***consumers . . .***” (emphasis added). IV is a patent aggregator and licensor and does not claim to  
 4 make any product or offer any service (ITC Compl. ¶¶ 12-15.) By contrast, Xilinx designs and  
 5 sells actual products and provides related services. Because there can be no dispute that Xilinx  
 6 and IV are not “direct competitors,” *Cel-Tech* is not controlling here and does not require Xilinx to  
 7 “include any allegations concerning market power or any other allegations that could plausibly  
 8 support ‘an incipient violation of an antitrust law.’” (Mot. at 19.) IV’s motion should be denied on  
 9 these grounds alone.

10 Following *Cel-Tech*, courts have attempted to formulate a definition of “unfair” under the  
 11 UCL for consumer or other commercial cases not involving direct competitors. In *Smith v. State*  
 12 *Farm Mutual Automobile Insurance Company*, 93 Cal. App. 4th 700, 720-21, n.23 (2001), the  
 13 court declined to apply *Cel-Tech* and instead applied the test used in *People v. Casa Blanca*  
 14 *Convalescent Homes, Inc.*, 159 Cal. App. 3d 509, 530 (1984), which, applying guidelines adopted  
 15 by the Federal Trade Commission, concluded that “an ‘unfair’ business practice occurs when it  
 16 offends an established public policy or when the practice is immoral, unethical, oppressive,  
 17 unscrupulous or substantially injurious to consumers.” Likewise, in *McKell v. Washington Mutual*  
 18 *Inc.*, the court adopted an FTC-like definition of an “unfair” business practice: “[a] business  
 19 practice is unfair within the meaning of the UCL if it violates established public policy **or if it is**  
 20 **immoral, unethical, oppressive or unscrupulous and causes injury to consumers** which  
 21 outweighs its benefits.” 142 Cal. App. 4th 1457, 1473 (2006) (emphasis added) (citations  
 22 omitted). The *McKell* court also applied a balancing test which “involves an examination of [that  
 23 allegedly unfair practice’s] impact on its alleged victim, balanced against the reasons, justifications  
 24 and motives of the alleged wrongdoer,” and must “weigh the utility of the defendant’s conduct  
 25 against the gravity of the harm to the alleged victim. . . .” *Id.* (citation omitted). *See also*  
 26 *Progressive W. Ins. Co. v. Superior Ct.*, 135 Cal. App. 4th 263, 286 (2005) (applying *Smith*  
 27 balancing test); *Bardin v. Daimlerchrysler Corp.*, 136 Cal. App. 4th 1255, 1270 (2006) (applying  
 28 the *Smith* balancing test).

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1           The Federal Courts also recognize that the *Cel-Tech* “tethering” test is limited to  
 2 competitor cases and is not controlling for consumer or other commercial cases. In *Lozano v.*  
 3 *AT & T Wireless Servs., Inc.*, 504 F.3d 718, 736 (9th Cir. 2007), the Ninth Circuit held that, “[i]n  
 4 the absence of further clarification by the California Supreme Court,” district courts may apply  
 5 either or both the *Cel-Tech* or the older balancing test to determine if a defendant’s conduct is  
 6 “unfair.” *Id.* And, this very Court has explained:

7           The California Supreme Court has never definitively addressed the test to be  
 8 applied when evaluating a business practice for unfairness in a consumer action.  
 9 The Courts of Appeal have applied two different tests in UCL consumer cases  
 10 under the unfair acts prong. As one Court put it: There are two lines of appellate  
 11 opinions addressing the definition of “unfair” within the meaning of the UCL in  
 12 consumer actions. *One line defines “unfair” as prohibiting conduct that is  
 immoral, unethical, oppressive, unscrupulous or substantially injurious to  
 consumers and requires the court to weigh the utility of the defendant’s conduct  
 against the gravity of the harm to the alleged victim.* The other line of cases holds  
 13 that the public policy which is a predicate to a consumer unfair competition action  
 under the “unfair” prong of the UCL must be tethered to specific constitutional,  
 statutory, or regulatory provisions.

14           *Distor v. US Bank NA*, No. C 09-02086 SI, 2009 U.S. Dist. LEXIS 98361, at \* 22-23 (N.D. Cal.  
 15 Oct. 22, 2009) (emphasis added) (citing *Bardin*, 136 Cal. App. 4th at 1260-61 (granting  
 16 defendants’ motion to dismiss but granting plaintiff leave to amend if it “can plead specific facts  
 17 that show how specific acts of defendants meet one of California’s tests for unfairness.”). *Distor*,  
 18 at 24. Thus, contrary to IV’s argument, Xilinx is not required “to allege facts sufficient to  
 19 establish a *prima facie* case of an incipient antitrust violation.” (Mot. at 18.)

20           Here, all that Xilinx is required to plead is “conduct that is immoral, unethical, oppressive,  
 21 unscrupulous or substantially injurious to consumers.” *See Distor*, at 22. [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26           Representatives from IV also represented that they had a right to enforce the Key Patents and  
 27 stated that “IV has taken action to enforce our invention rights” when referring to a lawsuit  
 28 involving four of the Key Patents. (FAC ¶ 149.) IV claim charts included a legend and copyright

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1 notice that it was IV that had prepared them. (FAC ¶¶ 38, 148; *see, e.g.*, Liu Decl. Ex. 11 ('301  
 2 Claim Chart) (filed under seal).) At no time during the negotiations did IV ever make a contrary  
 3 statement regarding ownership or rights to assert. (FAC ¶ 39, 152.) IV made these representations  
 4 knowing that they were false in an effort to get Xilinx to make further investments into their  
 5 Funds. (FAC ¶¶ 156-158; Liu Decl. ¶ 16 (filed under seal).)

6       Taking IV Management at its word, Xilinx filed its declaratory judgment action naming  
 7 Intellectual Ventures, LLC and Intellectual Ventures Management, LLC and other entities  
 8 associated with the Funds, erroneously relying on IV Management's repeated demands for  
 9 licensing royalties and IV Management's repeated representations that it, not the nominal owners  
 10 of the patents, had the right to enforce and to license these patents. (Complaint (ECF No. 1); FAC  
 11 ¶¶ 151, 158.) Only after IV Management realized that it might be subject to the jurisdiction of this  
 12 Court, did IV Management reverse itself and take the contrary position that the Key Patents were  
 13 not "IV's patents" and that it did not have the rights to assert the patents against Xilinx. (FAC  
 14 ¶¶ 152-153.) It is, at an absolute minimum, "unscrupulous" for IV Management to pretend to own  
 15 or have the right to assert these patents in order to demand tens of millions of dollars in licensing  
 16 revenues and then to swear under oath that it did not have those same rights in order to avoid the  
 17 jurisdiction of this Court. IV Management, in effect, attempted to sell Xilinx the Brooklyn Bridge  
 18 and, when it got caught, defended itself by claiming it never owned the bridge in the first place.  
 19 Both the original deception and this defense are, at a minimum, unscrupulous. As a direct result of  
 20 IV Management's unfair business acts, Xilinx expended and lost money through unnecessary cost  
 21 and expense in addressing IV Management's licensing demands well before it had to resort to this  
 22 litigation, satisfying the standing requirement of Section 17200. (FAC ¶¶ 154-155.) These  
 23 expenses include addressing Defendants' claims that the accused products infringe the asserted  
 24 patents, and responding to their demands that Xilinx take a license to the Key Patents and the  
 25 "highly relevant" portfolios. Under the proper test for the adequacy of the pleadings, these  
 26 allegations are more than sufficient and IV's motion should be denied.

27       IV relies on *Buckland v. Threshold Enterprises, Ltd.*, 155 Cal. App. 4th 798 (2007) for its  
 28 argument that Xilinx lacks standing to bring a claim under the UCL because Xilinx's seeks

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1 “litigation costs.” IV once again misstates the facts and the holding of a case in order to support its  
 2 argument. Contrary to IV’s assertions, *Buckland* has not “explicitly rejected the theory Xilinx  
 3 advances here . . . .” (Mot. at 23-24.) First, as described above, Xilinx’s economic injury are not  
 4 merely “litigation costs.” Second, the *Buckland* Court found the “litigation costs” incurred by the  
 5 plaintiff were costs incurred for the sole purpose of establishing standing to sue. *Buckland*, at  
 6 816. Nevertheless, the *Buckland* Court acknowledged that resources diverted toward ***investigating***  
 7 ***a claim prior to litigation*** would constitute an “injury in fact.” *Id.* That is precisely what Xilinx is  
 8 alleging here.

9                   **E. In the Alternative, to The Extent the Court Grants Defendants’ Motion,  
 10 Xilinx Requests Leave to Amend the Complaint**

11                  In the event the Court is inclined to grant Defendant’s Motion to Dismiss, Xilinx  
 12 respectfully requests leave to amend its First Amended Complaint to cure any deficiency perceived  
 13 by the Court. Under the Federal Rules, such leave should be granted “freely.” Fed. R. Civ. P.  
 14 15(a)(2). Moreover, if the Court finds that subject matter jurisdiction over Xilinx’s claims is not  
 15 supported by the record, Xilinx respectfully requests leave of the Court to take focused discovery  
 16 from Defendants to further demonstrate the existence of subject matter jurisdiction. *Laub v. U.S.*  
 17 *Dep’t of Interior*, 342 F.3d 1080, 1093 (9th Cir. 2003) (recognizing that “[a] district court is vested  
 18 with broad discretion to permit or deny [jurisdictional] discovery,” and holding that “discovery  
 19 should be granted when, as here, the jurisdictional facts are contested or more facts are needed”).

20                  **IV. CONCLUSION**

21                  For the reasons stated above, the Court should deny Defendants’ Motion to Dismiss  
 22 Xilinx’s First Amended Complaint. In the alternative, if the Court grants Defendants’ Motion, it  
 23 should also grant Xilinx leave to amend its Complaint and/or grant Xilinx leave to take  
 24 jurisdictional discovery.

25 Dated: November 14, 2011

Respectfully submitted,  
 26 JONES DAY

27 By: /s/ Behrooz Shariati  
 Behrooz Shariati  
 28 Attorneys for Xilinx, Inc.

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